

short-term interest rates another half-percentage point to try to keep the economy from tanking.

To me, the real story isn't either of these events; it's their connection. The Fed is cutting rates like a doctor trying to revive a cardiac patient because as recently as last fall, Fed Chairman Alan Greenspan didn't foresee what today's economy would be like. Meanwhile, although it's now clear that even the smart, savvy, data-inhaling Greenspan couldn't see four months ahead, people are treating the 10-year numbers from the Congressional Budget Office as holy writ.

Hello? If Greenspan missed a four-month forecast, how can you treat 10-year numbers as anything other than educated guesswork? Especially when the CBO has for years devoted a chapter in its reports to "The Uncertainty of Budget Projections"?

Both the Fed's rate cuts and the CBO's projection are being cited to justify a huge tax cut. Basing economic policy on long-term projections is nuts, and I'd be saying the same thing about Al Gore's campaign spending proposals if he had become president. I sure wouldn't base my personal financial decisions on ultra-iffy long-term numbers. I hope you wouldn't run your life or business that way.

A stroll through the numbers would be helpful here, as would a little history. Remember that through the mid-1990s, experts were forecasting huge federal deficits as far as the eye could see. Now they are projecting huge surpluses. When you're dealing with a \$10 trillion economy and looking 10 years out, relatively small changes make a huge difference—if they come to pass.

The fact that the projected 10-year surplus grew to \$5.6 trillion from \$4.6 trillion a mere six months ago is an obvious sign that these aren't the most reliable numbers in the world.

Here's the math: The surplus grew about \$1 trillion because the CBO increased the projected average 10-year national growth rate to about 3 percent (adjusted for inflation) from the previous 2.8 percent or so. Another \$600 billion comes from dropping fiscal 2001 (the current year) from the 10-year numbers and adding fiscal 2011. The 2011 number, being the furthest out, is the shakiest one in the projection.

Those two changes add up to \$1.6 trillion of higher surpluses. But the total increased by only \$1 trillion. That's because last year's late-session congressional spending spree knocked \$600 billion off the 10-year number. So, even though these numbers are huge, you see how vulnerable they are to moving dramatically as taxes, spending and economic projections change.

Now, let's subtract the \$2.5 trillion Social Security surplus, which is supposedly going to be "saved," and you have \$3.1 trillion to play with. (I treat the Social Security number as reliable because it's based on demographics rather than on economic guess-timates.) Subtract another \$500 billion for the Medicare surplus, because we're supposedly saving that money, too. That leaves \$2.6 trillion—provided the projections are accurate, which they won't be.

The CBO hasn't put a cost on President Bush's proposed tax cut package. The package supposedly costs \$1.6 trillion, but I'll bet that's way understated, which is typical of such things. And it doesn't include the impact of the feeding frenzy that will undoubtedly result with a big tax cut on the table. Remember what happened when the Reagan tax cuts were enacted in the early 1980s? In addition, Bush's campaign proposals are

"back-loaded"—they cost far more in the later years than in the earlier years.

The reason we used to have projected budget deficits as far as the eye could see and now have seemingly endless surpluses lies in the nature of projections—even those as sophisticated and intellectually honest as the CBO's. The CBO takes what's going on now, projects it forward and adjusts for things such as higher or lower interest rates or debt levels, or for programs such as Social Security. It assumes that discretionary spending rises at a fixed rate, which never happens, and that no major new changes in taxes will be enacted. If things are going well in budgetland, as they are now, projections will get better the further out you go. If things are going badly, the projections will get worse.

Now we come to Social Security, which contributes hugely to today's happy surplus situation but is projected to start causing trouble, big time, around 2015. That's not all that long after 2011, when the CBO's 10-year projection ends. In 2015, Social Security is predicted to start taking in less cash than it pays out, so it will have to start cashing in the Treasury securities in its trust fund. In remarkably short order, Social Security will start running 12-figure cash deficits unless something is done.

Until last year, the Social Security problem was projected to start in 2013, but it's been put off because the economy has been doing better than expected. That, combined with now-slipping fiscal discipline, is why the federal budget numbers turned around a few years ago. But if we go on a big tax-cut-and-spend spree, which seems increasingly likely, and the economy performs worse than now projected, we'll be back in the fiscal soup quicker than you can say "fiscal responsibility."

For now, I'm going to pass on what many people have taken as Greenspan's support for tax cuts. Even if you believe him to be semi-divine, you can parse his public utterances as being cautious about tax cuts. (There is occasionally an advantage to having been an English major in college.)

Finally, despite 10 years of projected huge surpluses, the CBO predicts that the total national debt (\$6.7 trillion) would be higher on Sept. 30, 2011, than it is now (\$5.6 trillion.) That's because, even though publicly held debt shrinks to \$800 billion from \$3.4 trillion, the debt held in government accounts, primarily Social Security, rises to \$5.9 trillion from today's \$2.2 trillion.

So if we go on a tax-cutting and spending spree, don't be surprised to find us back in the soup a few years down the road. Don't say that you had no way to know. The Fed and the CBO were telling you the risks last week. You just weren't listening.

Mr. BYRD. I thank the distinguished Senator from Maryland, a very, very fine Senator, knowledgeable. He has had many years of experience. I thank him for his contribution today and for the articles which he has brought to our attention and which will be included in the CONGRESSIONAL RECORD as he has requested. I value my association with the Senator, and I thank him very much.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. NELSON of Nebraska). Morning business is now closed.

UNITED NATIONS PEACEKEEPING ASSESSMENT ADJUSTMENT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to consideration of S. 248 which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 248) to amend the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001, to adjust a condition on the payment of arrearages to the United Nations that sets the maximum share of any United Nations peacekeeping operation's budget that may be assessed of any country.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I ask unanimous consent that it be in order for me to deliver my remarks seated at my desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, the pending legislation makes a small revision in the United Nations reform legislation approved by Congress in 1999 known as the "Helms-Biden" law.

This legislation justifiably used the leverage of the United States to press for reforms, by linking payment of the United States' so-called "U.N. arrears" to specific U.N. reforms. And it was the product of bipartisan cooperation in the Congress, cooperation between the Executive Branch and the Congress, and cooperation between the United States and the United Nations. And it worked, thereby producing millions of dollars in savings to the American people.

The Helms-Biden law gave the U.S. Ambassador to the United Nations, Richard Holbrooke, the tools he needed to negotiate much-needed reforms, ranging from restoring the membership of the United States to the U.N.'s administrative and finance committee, known in the rarified language of the U.N. as the "A-C-A-B-Q", to the adoption of results-based budgeting.

But the most important reforms restore an equitable burden-sharing for the enormous cost of operating the United Nations.

This was achieved by reducing the U.S. share of the U.N.'s general budget and its peacekeeping budget. In painstaking negotiations, the U.S. faced opposition not merely from increasingly affluent non-Western nations, which were clinging to their cut-rate U.N. assessment rates, but from our rich NATO allies as well.

Ambassador Holbrooke succeeded in persuading the United Nations member countries to reduce the U.S. share of the general U.N. budget to 22 percent, which was specified by Helms-Biden. This was the first reduction, in more than 28 years, in the American taxpayers' bloated share of the U.N.'s budget.

Similarly, Ambassador Holbrooke persuaded U.N. member states to agree